DOCUMENT RESUME

ED 435 167 EF 005 632

AUTHOR	Terzian, Richard R.
TITLE	Recommendations for Improving the School Facility Program in Los Angeles Unified School District.
INSTITUTION	Little Hoover Commission, Sacramento, CA.
PUB DATE	1999-11-00
NOTE	20p.
AVAILABLE FROM	Milton Marks Commission on California State Government and Economy, 925 L. Street, Suite 805, California, CA 95814 ($5). Tel: 916-445-2125; E-mail: little.hoover@lhc.ca.gov; Fax: 916-322-7709; For full text: <http://www.lhc.ca.gov>.
PUB TYPE	Reports - Evaluative (142)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Administrator Effectiveness; Elementary Secondary Education; Enrollment; *Organizational Effectiveness; Planning; *Public Schools; Urban Schools
IDENTIFIERS	*Little Hoover Commission; *Los Angeles Unified School District CA; Reform Efforts

ABSTRACT

The Little Hoover Commission presents its findings on the State of California's school facilities program with a review of the practices of the Los Angeles Unified School District (LAUSD). This report on the LAUSD reveals that children in Los Angeles are currently doomed to overcrowded, uninspired, and unhealthy schools because of persistent incompetence by the LAUSD. It then describes these problems in detail addressing enrollment growth, personnel practices, organizational structure, and board competence. Immediate and long-term reforms of the LAUSD are discussed, followed by reform recommendations that should be initiated by the Governor and Legislature. An appendices presents a list of witnesses before the Little Hoover Commission public hearing. (GR)

Reproductions supplied by EDRS are the best that can be made
from the original document.

State of California

LITTLE HOOVER COMMISSION

ED 435 167

RECOMMENDATIONS FOR IMPROVING THE SCHOOL FACILITY PROGRAM IN LOS ANGELES UNIFIED SCHOOL DISTRICT

November 1999

EF 005 632

BEST COPY AVAILABLE

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☒ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

James P. Mayer

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

1

Milton Marks Commission on California State Government Organization and Economy ♦ http://www.lhc.ca.gov/lhc.html

925 L Street, Suite 805 ♦ Sacramento, CA 95814 ♦ 916-445-2125 ♦ *fax* 916-322-7709 ♦ *e-mail* little.hoover@lhc.ca.gov

Little Hoover Commission

✦ ✦ ✦ ✦ ✦ ✦

Richard R. Terzian
Chairman

Michael E. Alpert
Vice Chairman

The Honorable
Bill Campbell
Assemblymember

Carl D. Covitz

Daniel W. Hancock

The Honorable
Sally Havice
Assemblymember

Gary H. Hunt

Gwen Moore

Angie Papadakis

The Honorable
Charles S. Poochigian
Senator

The Honorable
John Vasconcellos
Senator

Sean Walsh

Stanley R. Zax

Study Subcommittee

✦ ✦ ✦ ✦ ✦ ✦

Daniel W. Hancock
Chairman

Gary H. Hunt

Angie Papadakis

Commission Staff

✦ ✦ ✦ ✦ ✦ ✦

James P. Mayer
Executive Director

Nancy M. Lyons
Deputy Executive Director

Chloe Bullard
Research Assistant

To Promote Economy and Efficiency

The Little Hoover Commission, formally known as the Milton Marks "Little Hoover" Commission on California State Government Organization and Economy, is an independent state oversight agency.

By statute, the Commission is a bipartisan board composed of five public members appointed by the Governor, four public members appointed by the Legislature, two Senators and two Assemblymembers.

In creating the Commission in 1962, the Legislature declared its purpose:

...to secure assistance for the Governor and itself in promoting economy, efficiency and improved services in the transaction of the public business in the various departments, agencies and instrumentalities of the executive branch of the state government, and in making the operation of all state departments, agencies and instrumentalities, and all expenditures of public funds, more directly responsive to the wishes of the people as expressed by their elected representatives...

The Commission fulfills this charge by listening to the public, consulting with the experts and conferring with the wise. In the course of its investigations, the Commission typically empanels advisory committees, conducts public hearings and visits government operations in action.

government operations in action.

Its conclusions are submitted to the Governor and the Legislature for their consideration. Recommendations often take the form of legislation, which the Commission supports through the legislative process.

Contacting the Commission and Copies of Reports

All correspondence should be addressed to the Commission at:

- 925 L St., Suite 805, Sacramento, CA 95814
- E-mail: little.hoover@lhc.ca.gov
- Telephone: (916) 445-2125 Fax: (916) 322-7709
- Worldwide Web: www.lhc.ca.gov

Additional copies of this report may be purchased for $5 per copy. The report is available on the Commission's website.

BEST COPY AVAILABLE

State of California

LITTLE HOOVER COMMISSION

November 3, 1999

The Honorable Gray Davis
Governor of California

The Honorable John Burton
President Pro Tempore of the Senate
and members of the Senate

The Honorable Ross Johnson
Senate Minority Leader

The Honorable Antonio Villaraigosa
Speaker of the Assembly
and members of the Assembly

The Honorable Scott Baugh
Assembly Minority Leader

Dear Governor and Members of the Legislature:

In examining the State's school facilities programs, the Little Hoover Commission reviewed the practices of several large urban school districts, including Los Angeles Unified School District (LAUSD). The Commission will soon issue a full report on this issue. But due to the rush of events concerning LAUSD's property management, the Commission believes it is important to report on this aspect of its study now.

The Commission found LAUSD to be a disturbingly dysfunctional organization – too large to serve its students, staffed by an overgrown and inbred bureaucracy, and governed by a narrow-minded board. Changes have been made, including the election of three new board members, the sidelining of the superintendent, and in an act of apparent desperation, the hurried selection of an ousted board member to serve first as the facilities manager and now as chief executive officer of the district.

The Commission lacks confidence that the school board can provide safe and nurturing schools and manage the other affairs of the district – with or without the most recent superintendent or the new CEO. These events clearly demonstrate that district officials are not thinking strategically, that a higher level of competence is needed to spearhead a thorough and thoughtful reform of the district's management, and that state intervention is essential to stabilize and improve the faltering school system.

The Commission believes the facility-related controversies engulfing the district are not one-time episodes. Rather, they are endemic to an agency that is poorly organized, staffed and governed. The victims of this

Milton Marks Commission on California State Government Organization and Economy ♦ http://www.lhc.ca.gov/lhc.html
925 L Street, Suite 805 ♦ Sacramento, CA 95814 ♦ 916-445-2125 ♦ *fax* 916-322-7709 ♦ *e-mail* little.hoover@lhc.ca.gov

incompetence are 700,000 children, and the taxpayers of California. All of them are relying on school officials who time and again have squandered the public's resources and trust. Reforms are needed in three areas before real improvements can be expected:

- The district's organizational structure dilutes authority and thwarts accountability. Officials have tinkered with the structure, but it remains foundationally ill suited for the business of building schools.

- Personnel practices favor insiders over the best candidate, particularly for senior management positions. After failing, those managers are shielded inappropriately by rules originally intended to protect taxpayers.

- School board members have failed in their role as policy-makers for the district. As an oversight body the board is inconsistent and inadequate, yet board members often intervene in day-to-day management of the district.

The Commission urges the State Allocation Board to not convey any additional money to LAUSD until to makes comprehensive reforms. The Commission also urges the State, in partnership with Los Angeles civic leaders, to fully develop structural alternatives, including the breakup of LAUSD into smaller districts and the creation of a separate authority for school facilities. The balance of this letter details the Commission's conclusions and recommendations.

FINDING: Another generation of children in Los Angeles have been doomed to overcrowded, uninspiring and unhealthy schools because of persistent incompetence by the Los Angeles Unified School District.

LAUSD officials describe a facility program in crisis. They consider the foremost problem to be a lack of credibility, well earned through a series of disasters:

- The failed effort to acquire the Ambassador Hotel site (still unresolved in the courts) has evolved into the $200 million controversy that even district officials refer to as a fiasco – the Belmont Learning Center, half built on an oozing oil field.

- The cloud of health concerns may never clear from Jefferson New Middle School, which was built on a toxic site that was not properly assessed or cleaned up before construction began.

- Twelve years and $36 million ago, the district began a new elementary and high school project in South Gate. Construction has yet to begin and the district still does not know if it can safely build the schools at that toxic site.

- And while construction has begun at Jefferson elementary, the project sits half built, surrounded by barbed wire and besieged by lawsuits over who is to blame for faulty building designs.

The problem is not just defined by what district officials have done, but what they have failed to do. As enrollment climbs, most of those children climb onto buses. Money that could be better used on sticks and bricks is paying for diesel and rubber. Time that could be used learning to read and write is burned on buses.

The State's longstanding policy is that facilities are the responsibility of local school officials. The State plays a regulatory role to ensure buildings are safe and suitable for learning. Over the last 20 years, the State has assumed a greater responsibility to pay for new schools. To ensure that state funds are used wisely, the State has developed rules for determining eligibility, allocating funds, and restricting how those funds can be used. Still, school districts have primary responsibility to work with their communities to identify and acquire sites, build, operate and maintain schools.

The failures in Los Angeles have identified some weaknesses in the State's regulatory oversight. But the testimony at hearings and evidence presented in numerous reports indicate that had there been competent and qualified district officials, who followed existing laws and standard industry practices, these expensive mistakes would not have been made.

Because of its size, the success or failure of LAUSD impacts all Californians. LAUSD claims responsibility for educating one out of every eight public school-children in California. It operates 668 schools and 248 specialized learning centers. According to the Legislative Analyst, the State will spend nearly $34.5 billion on K-12 education in the 1999-00 fiscal year. LAUSD will spend $6 billion of that, according to the district's controller. The district will spend another $1.5 billion from federal and other sources.

Over the last five years, the district has been allocated more than $564 million in state money for school facilities – revenue from bonds that voters statewide supported and that taxpayers statewide will be repaying for years to come. Of that, the Office of Public School Construction reports that $355 million is from the $6.7 billion dedicated to K-12 facilities from Proposition 1A. The voters within the district in 1997 authorized an additional $2.4 billion in local bond revenue for school buildings.

The Commission's Review

The Little Hoover Commission in 1998 initiated a review of the State's school facility program as a follow-up to the Commission's 1992 report, *No Room for Johnny*.

With the passage of SB 50 (Greene) and Proposition 1A, the Commission focused on the capacity of school districts to manage construction and renovation projects, and the State's role in helping districts to build schools. The 1998 reforms continued a trend toward deregulating the facility program – replacing regulations with incentives and giving local districts the discretion to build facilities that best met community needs. Experience shows some districts are up to the challenge. Other districts, however, functioned poorly when the facility program was tightly regulated and show no sign of functioning well with less oversight – most notably LAUSD.

The Commission heard testimony regarding the district at hearings in February 1998, May and July of 1999. The Commission expects to complete its review of the state program by year's end. Because LAUSD's problems are so persistent and costly, the Commission issued its conclusions on LAUSD separately.

BEST COPY AVAILABLE

Researchers have attempted to gauge the link between the quality of school buildings and the quality of learning. In Los Angeles, however, this link is obvious. In some classrooms, there are twice as many children as there are desks. Some 15,000 schoolchildren ride buses each day because there is no room at their home school. Another 10,000 "voluntarily" leave overcrowded neighborhood schools as part of open enrollment or desegregation efforts. According to LAUSD officials, the 15,000 children involuntarily riding buses score significantly lower on academic tests than the children who stay in their neighborhood schools. They are poor performers in a poor-performing district. As summarized by a school board member, test scores in LAUSD are typically between the 20th and 30th percentiles. Less than 30 percent of third-graders read at grade level. The dropout rate is nearing 50 percent.

And at the current pace of construction, the problem will get worse. The district projects that enrollment will increase by 40,600 children over the next five years and it will need to build 100 additional schools over the next decade.

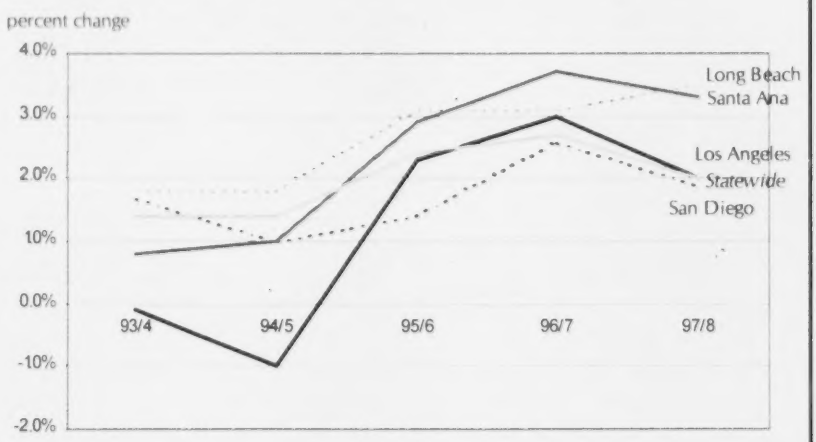
The effort to house these children is challenging. Like all urban districts, LAUSD must site new schools on previously developed land, often requiring the use of eminent domain, demolition and cleanup. The school board has decided to avoid evicting people from their homes, and has directed officials to look for

Enrollment Growth in Selected Southern California Urban Unified School Districts

Percent Change in Enrollment, 1992/93 to 1997/98

The chart on the right shows the percentage change in enrollment in Los Angeles, Long Beach, San Diego and Santa Ana unified school districts.

Actual enrollment for the past six years is displayed in the table below.



District	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Los Angeles Unified	639,781	639,129	632,973	647,612	667,305	680,430
Long Beach Unified	75,414	76,783	78,127	80,520	83,038	85,908
San Diego Unified	125,116	127,258	128,555	130,360	133,687	136,283
Santa Ana Unified	48,029	48,407	48,870	50,268	52,107	53,805
All unified districts	3,538,703	3,598,251	3,642,045	3,731,542	3,832,288	3,933,281
Statewide	5,195,777	5,267,277	5,341,025	5,467,224	5,612,965	5,727,303

Source: CA Dept. of Education, Educational Demographics Unit – CBEDS. District Profile.

commercial and industrial sites. LAUSD has made a conscious choice to assume the risk associated with buying toxic land to avoid taking residential property.

As the chart on the previous page shows, many districts in urban Southern California are growing, and like LAUSD are having to site schools on previously developed property. But most of these other districts are not crippled by this challenge, in part because of their refusal to assume the uncertainty of buying tainted land.

The Commission heard testimony from three such districts: Long Beach Unified, Santa Ana Unified and San Diego Unified. Two of those districts, Long Beach and Santa Ana, have grown as fast or faster than LAUSD in recent years.

Santa Ana, for instance, reported that its urban area is second only to San Francisco in terms of density, which has complicated its efforts to find suitable school sites. Still, in 10 years it has built 15 new schools, renovated 12 and has three under construction. Its biggest limitation has been money, not land.

The testimony from these three districts, and the experience of other districts throughout the state, reveals that successful facility programs have experienced personnel and an organizational structure that focuses authority and accountability. They also have school boards that establish policies, provide direction, and hold the professionals accountable for their performance. In each of these three areas – personnel, organizational structure and board competency – the Commission found LAUSD to be woefully lacking.

Personnel Practices

LAUSD has two personnel systems. One personnel system provides for teaching and other "certificated" employees who are responsible for instructional activities. The second personnel system covers "classified" or support personnel, including those in the Facilities Services Division.

Classified employees are part of a merit-based civil service system, similar to the State's civil service system. The district has a personnel commission that is comprised of three people appointed by the State Superintendent of Public Instruction. The commission establishes classifications and entrance or minimum qualifications, conducts examinations and hears a variety of appeals, mostly related to disciplinary actions. Approximately 90 of the 1,000 school districts in the state have personnel commissions.

Entrance Requirements
General Manager, Facilities Division

Education: Graduation from a recognized college or university.

Experience: Demonstrated executive or administrative experience in a public or private organization that included multiple business functions. Experience is required in a variety of the following areas: architecture or engineering; building and grounds operation; contract administration; maintenance; major construction; operations; procurement of materiel; real estate management; and school facility utilization and planning.

Special: A valid California driver's license. Use of an automobile.

BEST COPY AVAILABLE

Unlike the State, which provides for several senior managers in each department to be exempt from the civil service, the district's merit system only exempts 10 senior managers out of 25,000 classified employees. Specifically, the chief administrative officer and the general manager for the Facilities Services Division are exempt, but the branch chiefs below the general manager are part of the civil service. From a practical standpoint, that means that the CAO or the superintendent can hire and fire at their discretion for the general manager position, but must hire from an established list for branch chiefs and below.

Accountability

The internal auditor recommended discipline, up to and including termination for the following employees, who are listed with their annual salaries. Only two have individual contracts with the district. The others have civil service protections.

Former Deputy Director, Environmental Health Services Branch (Reassigned to Deputy Director, Food Services Branch).....$95,304

Project Manager II, Project Management and Construction Branch.....$86,822

Chief Administrative Officer $150,287

Former General Manager, Facilities Division (Reassigned to Director, Strategic Financial Planning).....$144,242

Environmental Assessment Coordinator, Environmental Health Safety Branch.....$67,208

General Counsel.....$141, 886

Director, Real Estate and Asset Management Branch.....$103,617

Director, Project Management and Construction Branch.....$103,617

Former Director, Environmental Health and Safety Branch (Reassigned to Director, Purchasing Branch).....$103,617

By comparison, the state civil service allows the Governor to hire a team of top-level appointees who are exempt from civil service laws and serve at the pleasure of the executive. While these employees are not subject to the selection screening of the civil service, they also do not have the job protections of civil servants. The number of exempt positions in state service is limited to one half of 1 percent of the executive branch workforce. If that same formula were applied to LAUSD, the superintendent could appoint 125 exempt employees.

The fundamental purpose of all civil service systems is to protect taxpayers from the consequences of incompetent workers receiving public jobs because of cronyism or political patronage. As it functions in LAUSD, the system does not provide this protection, primarily because minimum qualifications are set too low to ensure competence while civil service protections shield incompetent workers. The superintendent can appoint anyone who, according to the personnel commission, satisfies the entrance qualifications for senior positions. In the case of the general manager of the Facilities Services Division, the minimum qualifications are vague and can be easily interpreted to allow unqualified people to be hired. That is just what has happened at LAUSD.

An ancillary function of civil service systems is to provide enough job protection to workers so that they are not dismissed to make way for patronage hires. A fundamental problem, however, is created when low or vague entrance

BEST COPY AVAILABLE

requirements allow unqualified employees to get top jobs, and extraordinary protections make it difficult to dismiss those employees when they fail to perform.

The district's internal auditor identified nine senior managers or professionals who he believes are directly responsible for the Belmont fiasco. In each case, the auditor recommended discipline "up to and including termination." Many of those same managers have been responsible for other problem school sites, and for the district's overall inability to build schools. Faced with this overwhelming need to create a new and competent management team, the district faces the potential of a months-long, court-like process to dismiss these employees from jobs in which most earn more than $100,000 a year.

Adding to the potential costs, one option being considered by the district is to hire outside contract employees to assume the responsibilities for these managers while the dismissals trudge forward at glacial speed.

The pattern at the district has been to promote from within – even if that meant putting people with backgrounds in education, personnel or finance into real estate and construction jobs.

While the district has ostensibly committed itself to "nationwide searches" to find the most qualified person, in nearly all cases the low minimum qualifications have allowed district officials to promote long-time district employees without the necessary credentials. When those managers fail to perform, they are treated as unmovable because of civil service protections, or found another job within the bureaucracy.

Organizational Structure

All three of the other large urban Southern California districts who testified before the Commission rely on a simple organizational structure that holds individual project managers responsible for individual projects. Authority and accountability for all facility projects are concentrated in a single administrator, who reports to the superintendent, who reports to the school board.

In the case of LAUSD, the organizational structure is simultaneously fluid and chaotic. The Commission's concerns are related to the district's internal organizational structure and to external relationships, such as the use of private project managers and citizen advisory panels.

A fundamental issue is accountability for results. The issue was characterized well by one witness – the chair of the Los Angeles Mayor's Primary Center Task Force. The chairman said when he learned that two new primary centers would not open in September, he asked a group of district employees who was responsible for completing the job: "Would the person responsible for opening these schools please raise their hand? And nobody did."

Size alone cannot excuse the disarray. Among the specific problems:

- ***The district has changed the organizational structure to accommodate individual projects.*** The clearest example of this error was Belmont, where a special unit was created to pursue certain construction projects, isolating projects like Belmont from the appropriate accounting and other checks. This separate unit was directed to pursue a profit-generating development project, a risky endeavor for a real estate firm. District officials then assigned the project to an administrator, whose experience was in primary education, not land development. When the head of the department left the district, responsibility for Belmont was brought back into the facilities division. By then, the project was a costly and toxic mess that was essentially orphaned by the staff of the facilities division.

- ***The district has relied on external bypasses rather than fix internal problems.*** Proposition BB was a $2.4 billion school bond measure approved by district voters in 1997. The measure required the formation of an oversight committee to scrutinize expenditures. The Proposition BB Citizens' Oversight Committee has proven to be a valuable resource for the district, taxpayers and students. But it was created because civic leaders and the public at large do not trust the district staff or the school board to effectively manage the proceeds of local bond measures. Similarly, the Mayor's Primary Center Task Force was fashioned as an advisory panel that could bring needed competence to the job of building new schools. The district has real estate staff who are lawyers and brokers, and contracts for project managers, but the task force was still needed to open small schools in a short time frame.

- ***The district has changed the structure to compensate for poor performing personnel.*** When the Proposition BB Citizens' Oversight Committee lost confidence in the general manager of facilities, the Chief Administrative Officer redrew the lines of authority, taking away from the general manager most of the district's construction projects. In testimony to the Commission, the CAO said he made the change to better coordinate the activities of the bond-related projects. But when the general manager was later transferred out of the facilities division, the CAO restored responsibility for bond-related projects under the new general manager.

Moreover, the jury-rigged structure is so complicated that answering simple questions has become complex. In its hearings, the Commission probed top managers as to whether they had the authority and resources to do the job. The answers were incoherent and often contradictory. For example, the reason district staff did not feel responsible for dropping the ball on the primary centers was that a private project management firm was doing much of the work associated with the schools. Those project managers reported directly to the Chief Administrative Officer, not to the Facilities Division.

Similarly, the facility staff described the role of the Mayor's Primary Center Task Force as advisory. But the chair of that task force made it clear that the group was responsible for moving projects down the critical path – taking on an

almost managerial role. And while the staff described the role of the Proposition BB Committee as oversight, that group has clearly made major policy decisions that the school board and the staff have had no politically feasible alternative but to accept.

The CAO testified in July that he was reorganizing the department again to clarify authority and to infuse accountability. He also said that within the last year he had renegotiated the contracts with the district's outside project managers to give them more autonomy to complete the job, and to penalize them when they fail. Those plans, however, have been further confounded by the school board's decision in late September to hire a former school board member to reorganize the district's facility-related operations. Before this person could even begin the complicated task of fixing the district's facility program, he was given the title of chief executive officer and put in charge of running the entire district.

These machinations are further complicated by the testimony in July of the superintendent, who has since been relieved of his day-to-day responsibilities of leading the district. Before the Commission, the superintendent testified that he had no expertise in facility management and has ceded all responsibility for facilities to the chief administrative officer, who now reports to the new chief executive officer.

Board Competence

The seven-member elected board has final responsibility for all major facility-related decisions. The board, for instance, must approve environmental documents prepared under the California Environmental Quality Act and must approve major contracts and the purchase of land.

The California School Boards Association lists four primary roles for board members: establishing a vision for the community's schools; maintaining an effective and efficient structure for the school district; ensuring accountability to the public; and, providing community leadership.

But over the years, the LAUSD board of education has been inconsistent and ineffective in exercising its responsibilities concerning school facilities. As its high-profile failures have exposed the inadequacies of the board's decision-making process, board members have placed the blame with the staff, with other board members and with district-based elections that Balkanize political interests.

The audits, reports and testimony concerning the facility-related failures show that the board often disagrees over major projects, is unclear about its role in the process, and is either uncertain or unsatisfied with the information provided by staff and consultants.

One board member described the board's historic role as a rubberstamp for decisions made by district staff. When he challenged the status quo, the

answers were non-responsive. When he asked for resumes of the staff working on facility projects, they were never produced. Similarly, the Commission had great difficulty obtaining such resumes for its hearings.

One board member testified that a fundamental problem with the board is the system of electing members by districts. While intended to improve the representation of the board, the board member said district-based elections encourage major policy decisions to be the aggregate of parochial tradeoffs, or the result of a competition among parochial interests.

The board member who was the leading proponent of the Belmont Learning Center hoped the project would bring needed classrooms to the overcrowded neighborhoods she represents. But when the project soured and the board's oversight role was questioned, she put the blame on inadequate evaluation and communication by the district staff of the risks associated with the project.

Perhaps the largest failure of the board is to stay focused on the educational needs of children, especially on providing a safe place to learn. As the chair of the Mayor's Primary Center Task Force testified, the board has failed to exercise critical policy discretion in cases such as Belmont: "With respect to trying to build a mixed-use school, a school that's a combination of school, multi-family housing and retail project, I think that's totally nutso."

The board is still unclear on the need to establish clear lines of authority through the superintendent and to fill positions with the most competent people available. As noted earlier, when the district's internal auditor in September released a scathing report on Belmont, the board judged the facility program to be in crisis. By a split vote and without a search, the board hired a former school board member, who had been recalled from office by voters, to spearhead reforms. The new "facilities executive" was to report directly to the board, bypassing the superintendent – until a state legislator complained and the board placed the new executive under the superintendent. Three weeks later the board, by a four-to-two vote, relieved the superintendent of his functional responsibilities and made the former board member the district's chief executive officer. Neither move reflects a united board committed to the strategic selection of proven leadership that can develop a competent management team capable of fundamentally reforming district operations.

At the June elections, three new board members were elected. Only one board member who supported the Belmont project remains on the board. But the concerns go far beyond that one project or individual board members. The electoral process has simply failed to provide the children, parents and taxpayers of the district with top community leaders possessing the experience needed to guide a $7.5-billion-a-year public agency. The district has tried to remedy this problem by recruiting expertise on a problem-by-problem basis. But in the end, oversight committees and task forces are a poor substitute for unified and competent leadership.

Reforms: Immediate and Long-term

The Director of Facilities Development for the San Diego Unified School District offered the following recipe for a successful facility program:

> *First and foremost, you need good people. Good, competent, highly trained, quality people that can do the job. That's number one.*
>
> *Number two, you have to follow the law.*
>
> *Number three, you have to have a board and an organization that supports you to do that. And you have to have a community that you've engaged with, to work with, to develop strategies to find school sites within the neighborhood, within the community, that the community will accept.*

In making recommendations, the Little Hoover Commission's overwhelming concern is for the hundreds of thousands of schoolchildren who are being cheated out of the nurturing education they deserve and need.

State officials cannot dismiss these problems as unique to this time in the district's history. LAUSD has chronically failed to efficiently use public resources to meet the needs of its students.

In 1980, the Commission found that LAUSD stood out among school districts for failing to economically deal with declining enrollments. While asking the Legislature for additional funds for new schools, the district refused to reduce operating expenses and generate revenue by using existing schools more efficiently. The Commission concluded that "if any additional state funds are to be allotted to Los Angeles Unified, that the Legislature condition the receipt of those funds upon a clear demonstration by the district that it will take immediate forceful steps to correct existing inefficient utilization of physical resources."

And as part of its 1992 review of school facilities, the Commission heard testimony about the district's ambitious, but troubled effort to purchase the Ambassador Hotel. That project sank into controversy and litigation, only to be reborn closer to downtown as the Belmont Learning Center, the district's current albatross.

Based on this collective work, the Commission believes that the district as it currently exists will never be able to provide adequate facilities and adequate education for the children in its charge. As a result, the Commission advocates that both immediate and long-term reforms be pursued.

The immediate reforms would build upon the positive aspects of the district's current operations – especially the Proposition BB Citizens' Oversight Committee and the Mayor's Primary Task Force. These two groups have brought needed professional expertise, the appropriate level of oversight, and an unwillingness to accept excuses for not completing projects on time and within budget. This level of commitment – separate from the protective bureaucracy

and the school board – could be valuable in forging immediate reforms in the three areas of concern.

The Commission, however, is equally convinced that the best solutions will require more significant change. At issue is what those ultimate changes should be and how the State, the district and civic leaders can bring about these changes.

One alternative would be the creation of a separate authority dedicated to the business of building and maintaining school facilities. In previous studies, the Commission recommended such a model to the State for management of its real property. That recommendation was based in part on the positive experience of the British Columbia Building Corp., a non-profit entity that satisfies the real property needs of the province and, on a voluntary basis, municipal governments within the province. The corporation is guided by an appointed board, holds title and all responsibility for provincial property, and returns "profits" to the provincial government on an annual basis.

Earlier this decade, the district's Facilities Task Force, which represented a range of interests charged with solving the same problems addressed in this report, advocated the creation of a school facility authority similar to the New York City School Construction Authority. The city of Los Angeles Planning Director also sees potential in the idea, which was revived earlier this year in unsuccessful state legislation.

The British Columbia and New York model should be explored for managing school facilities in Los Angeles, as well as for managing joint-use projects that are advocated by the New Schools, Better Neighborhoods organization.

The Commission also believes that these property fiascoes give new reason to reconsider a long-standing debate over the size of LAUSD and whether it is too large to be effective from an academic or a business standpoint. Size does not necessarily preclude success in the real estate business. But the numerous factors defining LAUSD – civil service rules, an organization intended to deliver education rather than manage real estate, a governing board elected to represent districts and not selected for business acumen – conspire along with size to prevent the business end of the district from operating like a business.

For either of these alternatives to be seriously advanced, they need to be the focus of a feasibility-level study, based on significant public input, and shepherded by state and local leaders. The Governor and the Legislature should establish a task force involving the most respected leaders of labor, business and academia to explore the best way to implement these necessary changes.

While the June election brought a new majority to the board, the Commission cannot envision the district fixing itself. No matter how dedicated the new board majority, the Commission does not believe it can overcome the acts of its predecessor in a reasonable time.

RECOMMENDATION: On behalf of the children of Los Angeles, the Governor and the Legislature should intervene to fundamentally reform the Los Angeles Unified School District.

To reform immediately the personnel practices, organizational structure and board operations, the following measures should be taken:

- ***Expand oversight by Proposition BB Blue Ribbon Citizens' Oversight Committee.*** As a condition of receiving state facility funds, the district should agree to have all projects reviewed by the oversight committee, including projects financed out of the district's general fund.

- ***Scrutinize the organizational structure, personnel practices and site selection procedures.*** The Proposition BB committee – drawing on whatever additional expertise is necessary – should review and recommend changes to the district's facility-related organizational structure and personnel procedures. At a minimum, the committee should establish an organizational structure that focuses accountability for completing projects. The committee also should provide for a competent management team serving at-will so that new executives can select a team capable of providing quality school facilities.

- ***Expand the LAUSD school board to include ex officio members.*** To build competence into the policy-making and oversight ability of the school board, trustees could be added representing statewide interests and particular expertise. Among the options would be to add civic, university, or state leaders to augment the district-elected trustees. The additional members should have the experience necessary to ensure that the district develops a qualified and skilled management team.

To advance the fundamental restructuring of the district, state policy-makers should appoint a panel of respected community leaders and professionals to fully develop structural alternatives:

- ***Reconfigure LAUSD into smaller school districts.*** The district's inability to operate an effective facility program is one more example of how LAUSD has grown so large that it is difficult for the district to meet the needs of its students. The sheer size of the district, its student body and its facilities are beyond the ability of the contemporary school board and administrators to manage. State law provides for the voters of a school district to decide whether it should be divided; the purpose of the panel should be to advise voters on the optimal configuration for the area now served by LAUSD.

- ***Create an independent authority to develop school facilities in Los Angeles.*** Whether or not LAUSD is reconfigured, one or more locally governed authorities or public, non-profit agencies should be charged with the task of developing, modernizing and maintaining school facilities in the

region. While the school boards would define district needs, the entities would have the independence to fill those needs in a business-like manner. The entities would be held accountable to the public through a board appointed by state and local elected officials.

Conclusion

The Commission believes its conclusions are consistent with the findings of probes by the Joint Legislative Audit Committee and the district's newly fortified internal auditor. It also believes that its recommendations provide systematic solutions to systematic problems. The Little Hoover Commission stands ready to assist you in these efforts. To encourage more responsible management of public resources, the Commission commits to review the district's efforts again in the coming year.

Sincerely,

Richard R. Terzian
Chairman

Appendix A: Little Hoover Commission Public Hearing Witnesses

Witnesses Appearing at Little Hoover Commission School Facilities Public Hearing on May 27, 1999

Beth Louargand, General Manager
Facilities Services, Los Angeles Unified School District

David Tokofsky, Member
Los Angeles Unified School District Board of Education

O'Malley M. Miller, Chair
Superintendent's/Mayor's Primary Center Task Force, Los Angeles

Carlos J. Porras, So. California Director
Communities for a Better Environment

Mike Vail, Assistant Superintendent of Facilities and Governmental Relations
Santa Ana Unified School District

Kevin R. Barre, Facilities Planning Director
Long Beach Unified School District

Tom Calhoun, Director of Facility Development
San Diego Unified School District

Edwin F. Lowry, Director
Dept. of Toxic Substances Control

Ted W. Dutton, Director
Office of Public School Construction

Duwayne Brooks, Director
School Facilities Planning Division
California Department of Education

Witnesses Appearing at Little Hoover Commission School Facilities Public Hearing on July 22, 1999

Steven Soboroff, Chair
Proposition BB Blue Ribbon Citizens' Oversight Committee
and Senior Advisor to Los Angeles Mayor Richard J. Riordan

Julie Korenstein, Member
Los Angeles City Board of Education

Victoria M. Castro, Member
Los Angeles City Board of Education

Ruben Zacarias, Superintendent
Los Angeles Unified School District

David W. Koch, Chief Administrative Officer
Los Angeles Unified School District

LITTLE HOOVER COMMISSION MEMBERS

CHAIRMAN RICHARD R. TERZIAN *(R-Los Angeles)* Originally appointed to the Commission by Governor George Deukmejian in May 1986. Reappointed by Governor Pete Wilson in March 1994 and in March 1998. Partner in the law firm of LeBoeuf, Lamb, Greene & MacRae. Chairman of the Commission since March 1994. Served as Vice Chair from 1992 to 1994.

VICE CHAIR MICHAEL E. ALPERT *(D-Coronado)* Originally appointed to the Little Hoover Commission by Assembly Speaker Willie L. Brown, Jr. in May 1994. Reappointed by the Senate Rules Committee in August 1997. Retired partner in the law firm of Gibson, Dunn & Crutcher. Former Chief Deputy Commissioner of the California Department of Corporations.

ASSEMBLYMEMBER BILL CAMPBELL *(R-Villa Park)* Appointed to the Little Hoover Commission by Assembly Speaker Antonio Villaraigosa in January 1999. Elected to the 71st State Assembly District in 1996. Vice Chair of the Assembly Education Committee.

CARL COVITZ *(R-Los Angeles)* Appointed to the Little Hoover Commission by Governor Pete Wilson in October 1993. Reappointed in March 1996. Owner and President of Landmark Capital, Inc. Served as Secretary of the Business, Transportation and Housing Agency from 1991 to 1993 and Undersecretary for the U.S. Department of Housing and Urban Development from 1987 to 1989.

DANIEL W. HANCOCK *(D-Milpitas)* Appointed to the Commission by Assembly Speaker Cruz Bustamante in July 1997. President of Shapell Industries of Northern California since 1985.

ASSEMBLYMEMBER SALLY HAVICE *(D-Cerritos)* Appointed to the Little Hoover Commission by Assembly Speaker Antonio Villaraigosa in April 1998. Elected to the 56th State Assembly District in 1996. Chair of the Assembly International Trade & Development Committee.

GARY H. HUNT *(R-Corona del Mar)* Appointed to the Commission by Governor Pete Wilson in March 1998. Executive vice president of corporate affairs and administration for The Irvine Company.

GWEN MOORE *(D-Los Angeles)* First appointed as a legislative member to the Little Hoover Commission by Assembly Speaker Willie L. Brown, Jr. in October 1984. Appointed as a public member by Speaker Brown in May 1995. Founder and Chief Executive Officer of GeM Communications Group. Member of the California State Assembly from 1978 to 1994.

ANGIE PAPADAKIS *(R-Rancho Palos Verdes)* Originally appointed to the Little Hoover Commission by Governor George Deukmejian in August 1990. Reappointed by Governor Pete Wilson in March 1996. Former President of Papadakis Advertising. Serves on the Los Angeles County Board of Education and the California-Nevada Super Speed Train Commission.

SENATOR CHARLES S. POOCHIGIAN *(R-Fresno)* Appointed to the Little Hoover Commission by Assembly Speaker Curt Pringle in March 1996. Reappointed by Speaker Antonio Villaraigosa in November 1997, and reappointed by the Senate Rules Committee in February 1999. Elected to the 14th State Senate District in 1998. Vice Chair of the Senate Revenue and Taxation Committee.

SENATOR JOHN VASCONCELLOS *(D-Santa Clara)* Appointed to the Little Hoover Commission by the Senate Rules Committee in February 1997. Elected to the 13th State Senate District in 1996. Chair of the Senate Public Safety Committee, the Subcommittee on Aging and Long-Term Care, and the Select Committee on Economic Development.

SEAN WALSH *(R-Sacramento)* Appointed to the Little Hoover Commission by Governor Pete Wilson in December 1998. Former Deputy Chief of Staff, Communications & Press for Governor Wilson.

STANLEY R. ZAX *(I-Beverly Hills)* Appointed to the Little Hoover Commission by the Senate Rules Committee in March 1994. Reappointed in January 1998. Chairman and President of Zenith Insurance Company.

"Democracy itself is a process of change, and satisfaction and complacency are enemies of good government."

Governor Edmund G. "Pat" Brown,
addressing the inaugural meeting of the Little Hoover Commission,
April 24, 1962, Sacramento, California